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May 22, 2013

PARTIES OF RECORD

Re: Case No. Case No. 2013-00162
APPLICATION OF COLUMBIA GAS OF KENTUCKY INC. TO AMEND ITS
DEMAND-SIDE MANAGEMENT ENERGY EFFICIENCY AND CONSERVATION
RIDER

Attached is a copy of the memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact Aaron Ann Cole, Staff Attorney, at 502-782-2591.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derbuen".

Jeff Derbuen
Executive Director

AAC/kar

Attachments

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File

FROM: Aaron Ann Cole, Staff Attorney

DATE: May 21, 2013

RE: Case No. 2013-00162
APPLICATION OF COLUMBIA GAS OF KENTUCKY INC. TO AMEND ITS
DEMAND-SIDE MANAGEMENT ENERGY EFFICIENCY AND CONSERVATION
RIDER

An informal conference ("IC") was held in this matter per the request of Columbia Gas of Kentucky ("Columbia Gas") at the Commissions' offices in Frankfort, Kentucky on May 9, 2013. The purpose of the IC was to clarify details provided by Columbia Gas in its Application. A list of the attendees is attached to this memo.

Columbia Gas initiated discussion by outlining the reasons it is requesting the Commission to authorize it to return its Energy Efficiency/ Conservation Program Cost Recovery Component ("EECPRC") to 76 cents per bill, effective with its June 2013 billings.¹ Columbia Gas began by reviewing the history of the EECPRC Program, stating that the program began in October 2010 and understands its approval extends through October 31, 2013. The EECPRC budget of \$908,000 is effective from November 1 through October 31 annually. Columbia submitted the most recent change to its EECPRC as a tariff filing in December 2012 for rates to be effective February 2013. Due to low participation in the EECPRC program up to that time, the filing requested that the EECPRC be reduced from 76 cents per bill to a credit of 24 cents per bill. This request was accepted.

However, participation began to rapidly expand in late 2012. Columbia Gas believes this is due in large part to renaming the "Home Energy Audits" program the "Home Energy Checkup" Program.² Advertising for the "Home Energy Checkup" program began in August 2012 and ran through November 2012. Approximately 800 customers responded to this campaign, resulting in a backlog that will not be eliminated until late May 2013 or early June 2013. As funding through the American Recovery and Reinvestment Act for federal weatherization programs evaporated, participation in Columbia Gas' Furnace Replacement program has increased to 30 customers per month, and seems poised to continue rising. The representative of the Community Action Council of Lexington-Fayette, Bourbon, Harrison, and Nicholas counties noted that, as a result of the Furnace Replacement Program, participants to whom it provides services have received an average of 74 percent annual savings in their energy consumption.

Due to the high demand for these programs, Columbia Gas stated that, of the \$908,000 allotted to the EECPRC program for the 12 months ending October 31, 2013, \$690,258 had

¹ Columbia Gas stated that the first unit of its June billings begins May 30, 2013.

² Columbia Gas stated that customer focus group results indicated an aversion to the word audit.

been spent through February 2013, and, as of the date of this IC, the balance of the budget had been spent. According to Columbia Gas, if the Commission does not authorize the return of the EECPRC to 76 cents per bill effective with June 2013 billings, Columbia Gas will be forced to halt the EECPRC Program until the new budget year begins November 1, 2013.

In response to Commission Staff's questions, Columbia Gas stated that \$1,424,106 was being passed back to customers through the balancing adjustment mechanism, with \$937,700 remaining as a surplus. Columbia Gas also discussed the pattern of participation in the Furnace Replacement Program and Home Energy Checkup Program in some detail, referring to the graphs attached to its Application.³ It noted that it is collaborating with Habitat for Humanity of Scott County, Kentucky to implement the Furnace Replacement Program in those homes, which will contribute to the rising number of customers in that program.

At Commission Staff's request, Columbia Gas will supplement the record with updated numbers of participants in its "Home Energy Checkup" and "Furnace Replacement" programs, as well as the most current budget numbers for each program.

There being no further discussions, the informal conference was adjourned.

Attachment

³ Case No. 2013-00162, Attachment 1, DSM Collaborative Materials, Application of Columbia Gas of Kentucky Inc. to Amend its Demand-Side Management Energy Efficiency and Conservation Rider and Request for Expedited Treatment (April 26, 2013).

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF COLUMBIA GAS OF) CASE NO.
KENTUCKY INC. TO AMEND ITS DEMAND-) 2013-00162
SIDE MANAGEMENT ENERGY EFFICIENCY
AND CONSERVATION RIDER

May 9, 2013

Please sign in:

NAME	REPRESENTING
<i>Leah Faulkner</i>	<i>PSC - FA</i>
<i>Jeff Shaw</i>	<i>PSC - FA</i>
<i>Jason Brangers</i>	<i>PSC - Engineering</i>
<i>GARY GLOVER</i>	<i>PSC - ENGINEERING</i>
<i>Matthew Bass</i>	<i>PSC - FA</i>
<i>Smitty Taylor</i>	<i>Atty Col Gas</i>
<i>Judy Cooper</i>	<i>Columbia Gas</i>
<i>Charlie Lunter</i>	<i>Community Action Council</i>
<i>Ann Ann Cole</i>	<i>KPSC - Legal</i>
<i>Brooke Leslie</i>	<i>Columbia Gas (telephonic)</i>
<i>Jennifer Har</i>	<i>AG</i>